



STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

STATE CAPITOL

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Justin P. Wilson
Comptroller

Earlier this year, the General Assembly approved legislation that will have a significant impact on economic development efforts for local governments. *The Uniformity in Tax Increment Financing Act of 2012*, also known as Public Chapter 605, strengthened a powerful tool for job creation and economic development in our state and your community. Tax Increment Financing – or TIF – projects give cities and counties tools to retain, recruit, and grow business and industry. Additionally, Public Chapter 605 provides clarity, consistency, and transparency in existing law.

Tax Increment Financing is a method utilized by local governments to pay for community improvements with future tax revenues. For example, a blighted neighborhood might have dilapidated buildings worth only \$50,000 in property value. Using a TIF, the local government could build new infrastructure or even replace the run-down buildings with new ones and other improvements to increase total property values in the area to \$750,000. The \$700,000 difference in property value increases property tax collections. The increased property tax revenue is used to recover the cost of the TIF improvements. In short, it's a way to allow new development to pay for itself.

Below is a link to a guide developed by our office about Public Chapter 605. The guide outlines tax increment financing generally, explains components of a tax increment financing plan which remains mostly unchanged by the new law, and describes how Public Chapter 605 changes TIF law in Tennessee.

The Comptroller of the Treasury is here to provide assistance to your local government. If you have additional questions or concerns after reading through the guide, please do not hesitate to contact the office.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury